

MEMORANDUM

NATIONAL SECURITY COUNCIL

January 24, 1973

25X1  
SECRET [REDACTED]

MEMORANDUM FOR THE RECORD

SUBJECT: Major Intelligence Problems

The following is an attempt to characterize some major intelligence problems and in some cases to indicate causal factors. It appeared useful to place the problems with the product in three categories:

-- Communication

-- Focus

-- Quality

Communication

Under this category I would list the following problem areas:

1. Much of the product is written in a very hedged, fuzzy fashion. There appears to be a real lack of a drive to communicate with consumers. Key messages are not highlighted by underlining or any other kind of attention-getting device. There are no first-rate executive summaries. Latimer, who sits over in the White House basement, spends all of his time preparing appropriate abstracts for Kissinger. In the course of our reviews of intelligence community performance in the Indo-Pak crisis and other areas, the community can almost always claim that they pointed to the correct diagnosis. In retrospect you can always find a sentence or two in intelligence documents which appear to predict what happened. But they are not really forecasts because no one reading them at the time would in fact have been able to pick out those particular sentences, to perceive that the subtle hinting that such and such was a plausible direction in which events would go. Even when intelligence analysts see something going awry, as in the case of the Soviet wheat deal, they do not reiterate earlier messages that they perceive have not gotten through.

25X1  
SECRET [REDACTED] - GDS

25X1

SECRET [REDACTED]

2

2. The intelligence community has made no effort to develop improved communication techniques. For example, for years they have ignored the possibility of Bayesian methods to convey more precisely uncertainties and probabilities. (There is one now.) Partly, they are hung up on the notion that one should produce a single consensus estimate, but in fact they usually do not. At least in the case of forward estimates, they waffle back and forth between several alternative, plausible trends in events without ever clearly stating what their likelihoods are. [REDACTED] has been able to innovate by having several columns which cover the facts (about a particular weapon system), guesses as to its possible mission, hypotheses as to its technical characteristics, etc. There is also clearly displayed the different positions of the people on the panel. All, therefore, is presented in a clear-cut fashion that separates facts from hypotheses, and provides argumentation as to the interpretations.

Another failing is that they have made no attempt to use opportunities that new technology may present. The CIA, in particular, is focused almost entirely on communicating by the written page. One gets ahead in the organization by writing well, even though in a kind of muffled fashion. Closed-circuit television and the use of something like a motion-picture cartoon to show the interaction of two force programs, for example, and the mutual buildup on the Sino-Soviet border, are examples that occur to me as things that they should explore.

3. When you think about how you prefer to receive information, particularly in areas with major uncertainties, it is really by face-to-face contact with individuals, whose credibility you have calibrated over a past period of time. On the other hand, the community produces anonymous products. They are produced by groups which, in the process of merging their views and negotiating over the precise adjectives to use, produce a very mushy, muffled message. Thus, not only is the product anonymous, so you don't know who it is who is telling you something and why you ought to believe him, the group process tends to homogenize views, not present clear-cut alternatives, interpretations, etc.

4. As mentioned briefly above, there is a tendency to mold facts, hypotheses, and judgments. The intelligence analyst's ideal is to simply

25X1

SECRET [REDACTED]

25X1

SECRET [REDACTED]

3

have you accept his overall judgment on the matter. He seldom presents arguments or provides internal evidence that might increase credibility.

5. Intelligence analysts have no sense of the top-level reader's time pressures. Hence, much of their product really falls between two stools. On the one hand, they are too long to really form an adequate basis for communicating with readers under great time pressures. Moreover, they have no good executive summaries. On the other hand, they are too short to really provide in-depth analysis of the topics they deal with which would be useful when the focus of top-level attention turns to a particular topic area. The thing that they do not seem to understand at all is that Kissinger reads what events drive him to read. So that, instead of the kind of current intelligence that they now present, which generally has a reporting and tactical alerting function that such and such events have happened (which is useful though could be done more efficiently), they do not fill his need for in-depth analysis when an event drives him to focus on a particular area. He (or his staff) would be willing to read a much longer report if it were very good.

#### Misplaced Focus

Under this heading I note the following items:

1. The intelligence system operates as an open loop system. The community gets relatively little guidance from consumers, but on the other hand, does very little to try to find out what the consumers want. There is plenty of blame on both sides. But the intelligence people have never done anything sophisticated, ingenious, and energetic about finding out what the customers want. Moreover, they have systematically tuned out the bad news and cling to the more formal thank-you letters they receive as measures of customer satisfaction. Both Latimer and I have had consistent problems in really getting the message across that much of the product they are producing does not get read, is not particularly useful at the White House level. They say they want guidance, but in fact resist it. Major consumers must give more guidance and the NSCIC is one

25X1

SECRET [REDACTED]

25X1

SECRET 

4

possible source. But there are opportunities for more systematic interchange on the interface between the producers and the consumers. There could be periodic meetings between consumer and producer representatives. The community should develop consumer research organizations to do an ingenious and effective job.

2. In terms of focusing intelligence on issues, there are barriers that flow from intelligence doctrine. In fact, there is a schizophrenic position that many people in the intelligence community have, especially those at CIA. On the one hand, there is a presumption, or an ambition, that intelligence provide the basis for high-level decisionmaking. Thus, there is a tendency to include in intelligence a universal scope of knowledge about another country, etc. The competing doctrinal position is that intelligence is the purveyor of facts, largely derived from the collection systems which the community operates and controls. In other words, it is the communicator of secret information of specific sorts. In this model there is a tendency to stay away from speculation and other more complex inferences that one might draw from potential information.

Moreover, there is a concern that they not get too close to policymaking. On the one hand they want to preserve objectivity and to be removed from policy. On the other hand they want to get very much involved in it so that they know what the top leaders really want, and to influence policy very directly.

3. The fact is that some top-level consumers do want only facts. Partly it may be a matter of individual style, or that they prefer their own analysis to that that they might get from the intelligence community. It is also the case that they often have other sources of information relevant to particular decisions derived from contacts with ambassadors, etc. In which case they can meld what they get from the intelligence community with all of the other things. Moreover, they may well have had bad experiences in the past; indeed, perceptive people would tend to feel that the analysis they receive from intelligence is not very good.

On the other hand, my interviewing of the NSC staff indicates that they would like to see much more speculative analysis, much more of an attempt by the intelligence people to draw upon their backgrounds to suggest hypotheses as to future trends of events, to put facts in context, etc. Almost everyone

25X1

SECRET

25X1

SECRET

5

I interviewed says he wants more of this kind of thing from intelligence, and that it would be helpful to him. Kissinger's view appears to be that he wants both. He wants the stream of factual reporting, but that on the problems that he is really focused on he would love to get first-rate analytical support.

4. There is a striking lack of perception within the intelligence community about top-level decisionmakers' needs. Here are some

25X1

25X1

25X1

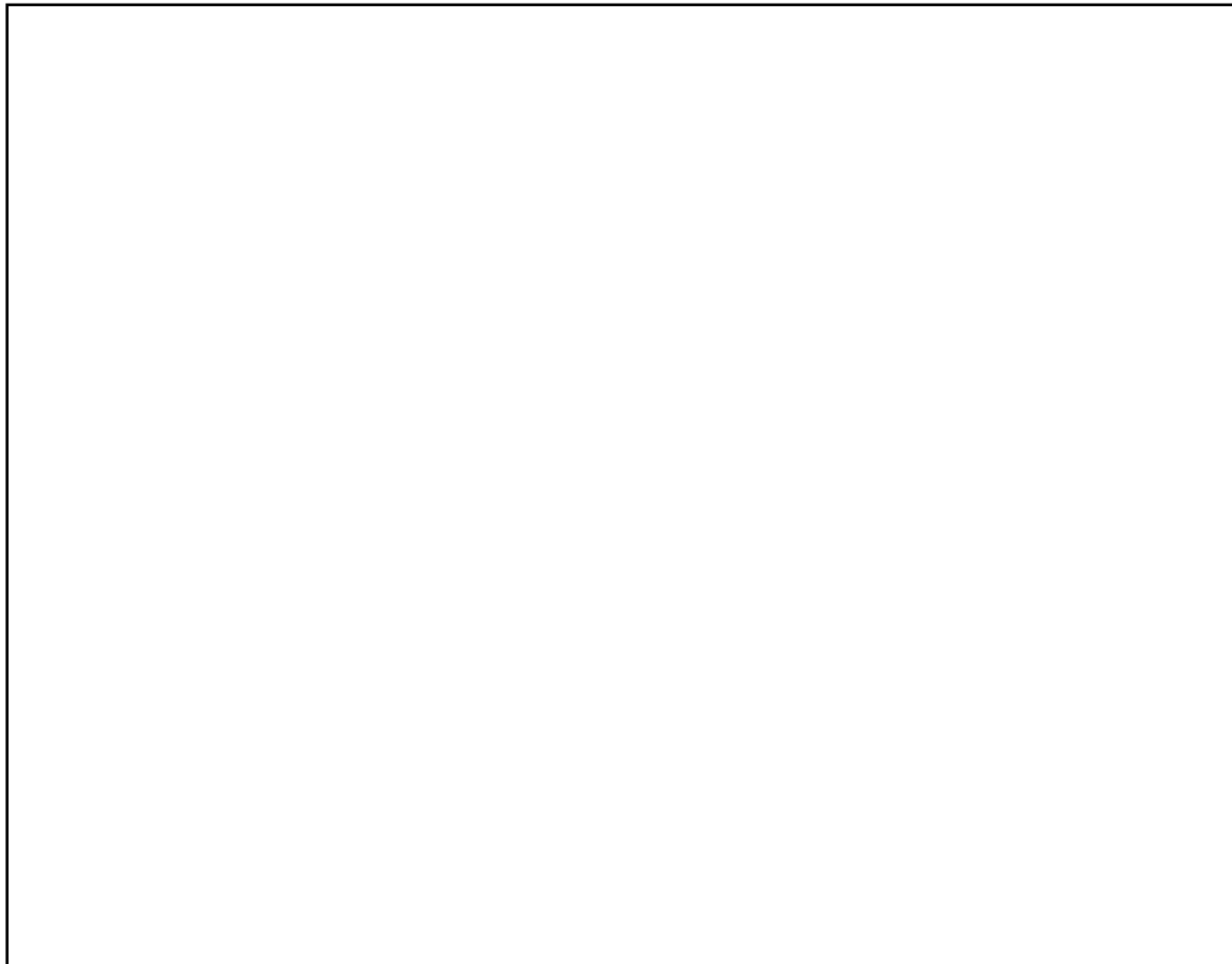
25X1

SECRET

25X1  
~~SECRET~~ [REDACTED]

6

25X1



5. In a way, they seem to not really envisage clearly what their role is. That is: what role does intelligence play in top-level decisionmaking? What other sources of information is it competing with or complementary to? What are the areas of comparative advantage of the intelligence community? As I indicated above, to some extent they clearly have the role of supplying material from the special sources that they control. In principle they have many more resources than top-level staffs, more people with wider backgrounds, more access to data, more time to wrap things up rather than just living on the surface of cables, etc. They have time and capabilities (or could have) for in-depth analysis. But they have

25X1  
~~SECRET~~ [REDACTED]

25X1

SECRET 

7

conducted no insightful analyses of how intelligence actually influences top-level decisionmaking, what the nature of the top-level problems are, what role they could play. This point is obviously related to the above point that they have, or appear to have, a very unsophisticated view of what the nature of the top-level problems are. They are in part doctrinally and politically alienated from the policymakers. Again, this is more specific to CIA than others.

They have not thought about the top-level problems. In this sense, the game that is being played is much more sophisticated than their model and image of it. What can be done about this is not too clear. One could, through a training program, try to expose analysts to a better view of what the real top-level problems are like, perhaps a course based on first-rate case studies of past crises. The typical intelligence people's suggestion is that the top-level people should let more people know what is really going on. The major problem here is that it would be in the New York Times the next morning. But you could sensitize intelligence analysts and managers to the general nature of how things look from the top so that they would be asking themselves the question "what could be useful?" They could give better answers than they now do, and produce materials that have a better chance of being useful even though they are not given a lot of feedback. In addition, Helms appears to have given little feedback as to top-level needs. He may have been under considerable constraints in this administration. Evidently, McCone did feed back an awful lot more to the Agency about the top-level problems and hence gave the analysts better guidelines. Helms has restricted feedback to relatively few people and it does not reach the people actually producing materials.

6. Another aspect is that the intelligence people do not tend to anticipate problems and get ahead of events. For example, when the Soviets were kicked out of Egypt the intelligence community could have done better by first thinking about where else the Soviets might go if they are going to keep a foothold. Syria and other countries are clearly possibilities. They could have thought this through, had an item in the current intelligence bulletin which alerted people to their forecast, and indicated what to look for in the future as confirmatory signs. They could have alerted their readers to the situation and provided them with a kind of background within which they could interpret pieces of information that came to them from whatever source. Moreover, the community could have focused much more of its own attention on these areas and been ready to do first-rate analysis.

25X1

SECRET

25X1

SECRET 

8

Quality of Analysis

The following points are important:

1. While it is hard to disentangle the quality issue from some of the other problems already mentioned (for example the fuzzy communication style, the lack of focus on problems of key interest, and in particular the absence of a strong drive to help the top-level decisionmakers), one can still single out some specific quality problems. For one thing, much of the product is devoted to (1) reporting of particular events, or (2) first-level inferences from partial data (e.g., the Soviets have just done such and such). There is a tendency to avoid answering questions such as: why have the Soviets done such and such? The reaction you get when you raise such questions is either: (1) we cannot answer that question or (2) an argument that they are professional intelligence people and it is invalid to even ask them to even speculate on such a matter. On the other hand, there is a constant tendency for them to slip in interpretations of past Soviet decisions that are equivalent. Now the point is that most of these inferences are based on very little analysis. When one asks why they have concluded that the decision rationale was such and such, they are unable to produce anything. It is not based on accumulated background studies of typical Soviet behavior, etc. The fact is that the quality of these judgments on key questions regarding Soviet decisionmaking have not improved a decade or more. It is true that intelligence on the Soviet military forces has improved very significantly, because of the increased photographic data and other things. But, there is no systematic program for improving the quality of intelligence analysis. There is no steady investment of resources devoted to key problem areas, nor to a systematic development of new methodologies, techniques of analysis, etc. Let me take each of these up in turn.

2. There is no R&D program on intelligence analysis methods. The community spends almost nothing in this area. Moreover, their contact with the rest of the world is very poor. They tend to be unaware of developments in U.S. universities, or think tanks, and resistant to the application of new methods to their problems in any case. They make relatively poor use of consultants and, except for the S&T area, do relatively little contracting. The whole area of analysis is treated as though it were a kind of special art, in which, through years of practice, certain masters have developed appropriate skills. New people, when brought in, are apprenticed out to them. The formal training programs appear on the whole to deal with very specialized skills such as language or some form of data processing, etc. There is no training in the art or practice of analysis. Derek Price's model of informal colleges and



25X1

SECRET 

9

their role in the communication of new knowledge I believe is valid, e.g., informal arrangements for the circulations of drafts, comments, occasional meetings among interested parties spread around the Western world. I would stress how important appropriate contacts with the outside world, the academic world could be when areas of development take place that are of key interest or potential interest to the intelligence people. An area where this has been happening for the past ten years or more is that of the decisionmaking processes in large organizations and governments. I have argued with the CIA people that this was an important area for them, and promising enough, that they ought to find a way to be at the forefront instead of lagging ten years or more behind the times. They have found it impossible to do this.

3. Not only are they poor in terms of the intellectual capabilities they put into the product, but the internal mechanisms for quality control and review are weak. Beyond that, there is no effort (the sort that Wally Seidel has pushed for and partially undertook by himself) to study the behavioral characteristics of U.S. intelligence estimators. Such a study of the last fifteen or twenty years of estimates could disclose the kinds of biases, patterns and systematic misperceptions of actual Soviet performance that tend to appear in U.S. intelligence estimates. For example, when we estimate that a new system will come into the force we bring it in much more rapidly, and often sooner than the Soviets in fact will do. We also tend to phase it out earlier and more quickly than in fact they do. There are a number of these kinds of behavioral patterns which if studied could provide useful feedback and suggest corrections for these tendencies.

Essentially nothing professional has been done in this or other areas. There are no separate boards of review or for quality control. In this connection, a useful role could easily be played in the future by appropriate internal organizations, visiting boards, and consultants.

4. The national estimates process represents an important area for change. For one thing, whatever systematic studies have been done suggest that while these people believe they are writing for top-level decisionmakers, in fact top-level decisionmakers seldom see their products, nor find them useful enough to read. Their staffs do not use or read the products very much. It varies, of course, from product to product but a survey that I have done shows that in the NSC staff the readership is rather limited. It would seem possible to cut out a great many of the products and concentrate efforts on producing improved versions

25X1

SECRET

of a few. Some of these could be estimates needed on a regular basis, perhaps yearly, such as the estimates on Soviet military forces. On the other hand, I think it would be useful for a small number of studies to be specified each year based on forecasts of high-level focus of attention and interest. At present, too many estimates are just simply ground out at a steady pace when the market, in fact, is very thin, at least at the upper levels of the government.

5. One of the causes of the low quality of the product is the overload problem. People are worked very hard and do not have the time to innovate with regard to new products, or methods of analysis, or to really put sufficient time into a particular product to give it high quality. They are mainly involved in packaging and re-packaging the same information. They work at putting out something like a daily newspaper, Time magazine, etc. The overload problem is caused by a shift in the demand for intelligence estimates, and the fact that they are free goods to consumers. There is no effective rationing system. Something has to be done about this as a decisive step toward freeing resources for improvement of the product now and R&D for future improvements. Committees of consumers and producers who face squarely up to the priority problems and the rationing problem may work. Trade-offs of quality versus quantity have to be faced. At the moment we do not have anything good going here. When one speaks to someone like Ed Proctor he wants to keep all of those decisions to himself, making the trade-offs secretly, confining the consumer to saying what is wanted. The results are often disappointing when one is seeking a high quality product. A major survey of all of the products and cutting back on a number of them is an urgent task for a new DCI. Moreover, there is a need for new procedures and feedback processes to monitor the quality of the product. CIA is overloaded, but DIA is simply overwhelmed by the massive demands it has to deal with from the JCS and the unified commands."

A final comment. It is worthwhile thinking about the behavioral strategy of the community. I believe it can be diagnosed as follows, based on general observation and some things that Helms said in some recent speeches. Basically, the intelligence community tries to build a flexible response capability to respond to consumers through short feedback mechanisms. It gradually adjusts to shifting patterns of demand rather than long-term planning. The idea is to hang loose, administrations come and go, demands fluctuate, top-level decision styles change and the intelligence organizations have to live with all this. On the other hand, one moves forward with new technology to exploit all new collection activities or opportunities that present themselves.

SECRET

POSSIBLE INITIATIVE WITH REGARD TO  
SUBSTANTIVE INTELLIGENCE PRODUCTS

General Comment

What follows are ideas for innovation in intelligence products, and product areas needing significant improvement. In general, a consistent failing of the intelligence product is lack of an ambition to serve the top policy levels. They really do not address the kinds of questions that top policymakers want help on. Current intelligence analysis tends to stick pretty closely to observed data, particularly photography and give only first-level inferences. This sort of reporting is needed, but intelligence seldom addresses questions such as why a particular event happened, what is likely to happen next. One seldom sees a comprehensive assessment of past behavior, interesting hypotheses, speculation, descriptions of major trends, etc. Moreover, in some cases it is clear that there is an ideological or world view divergence between top level people and the intelligence analysts. In particular, this is clear with regard to attitudes toward the use of force in international relations. Top-level people are of necessity involved in power politics, see a role for military demonstrations, the use of force, and the threat of the use of force. The analysts believe in the usual twaddle on these matters. The result is that the analysts do not perceive the top level problems clearly, are alienated with regard to the governments policies in some cases (e. g., Indo/Pak), and cannot serve top leaders well.

The list of substantive product initiatives is incomplete. It does not include the following items which you and I have already talked about:

-- The need for a more ambitious effort to analyze Soviet behavior and its underlying rationale in connection with SALT monitoring. Top-level decisionmakers will be faced with questions of why the Soviets appear to have violated the treaty agreement? Is their behavior part of a broader pattern? What are they likely to do next?

-- Warning of future Soviet wheat purchases.

-- Analysis of policy clichés. A useful service the intelligence community could perform would be to select current policy clichés and

SECRET

SECRET

Approved For Release 2005/03/30 : CIA-RDP82M00531R000400230006-4

2

subject them to in-depth analysis. The constant generation of policy clichés will provide a constant source of examples the Latimer group or a revised national estimate group might focus on.

-- The management of the U.S. -Soviet-Chinese triangle is a very important focus for U.S. policy in the future. Essentially, everything that either one of these countries does should be commented on, not only in terms of what it means for us, but also what it means for the other participants in this three-cornered relationship.

-- Economic Intelligence. The requirement is to do better than the Economist in those areas in which intelligence chooses to compete.

#### Major New Study Areas

##### 1. Soviet Perceptions of the Quality of U.S. Military Capabilities

In the design of U.S. military forces, we proceed as best we can, based on notions of military efficiency. Of course, we don't entirely succeed and service preferences and traditions play a big role in determining the character of our forces. However, the stated purpose of our forces is political and defensive. An interesting question arises as to whether we know enough about the Soviets perception of us and how they rate us as a military power to develop additional criteria to use in (1) the design of our forces, (2) their peacetime operation, and (3) their use in political-military crises. In other words, do we know enough about how to get a high score in relevant circles in the Soviet Union with regard to our military capabilities, our impressiveness as an adversary, etc.

I have been trying for almost a year now to get the intelligence community to effectively address this question. It is a very important and interesting issue if any progress can be made on answers to these questions. I have suggested several potential ways to get at the questions, but without success in terms of harnessing the intelligence community to do a very serious work.

25X1

SECRET

Approved For Release 2005/03/30 : CIA-RDP82M00531R000400230006-4

SECRET

3

25X1

3. Intelligence Support to the Design, Monitoring and Evaluation of Military Demonstrations

I mentioned at the beginning the minor and even negative role that the intelligence community now plays in assisting or monitoring the use of military demonstrations in times of political-military crisis. There is a potential for a major assistance to the top-level people in this area. If we understood better the kind of issues discussed under Item #1, that is how the Soviets perceive us, we might well be in a position to more effectively design and execute military demonstrations. Moreover, there

25X1

SECRET

SECRET

4

formidable adversary. If we effectively deceive him, his later awareness of being had should be sobering. Thus, good crisis performance might well include deception activities in which the intelligence community might have a significant role. We could aim at enhancing the longer-term deterrent effect through raising his evaluation of us as adversaries.

Intelligence should, in any case, provide a much more effective monitoring and feedback of the effects of military demonstrations so as to allow fine tuning during the crisis. Currently, the intelligence community appears to be unaware that these demonstrations are taking place, partly because of poor feedback from the WSAG meetings and the fact that the JCS and the field commanders appear to control their design and implementation. After-action analysis or post-mortems on their effectiveness could reveal lessons for the future. However, such evaluations appear to be rare. When undertaken, they are poorly done. An example is a State Department (INR) evaluation of the use of the Enterprise in the Indo/Pak crisis.

#### 4. Comprehensive Evaluation of Soviet Leadership Problems

There is no effort by the intelligence community to put together a comprehensive picture of the multiplicity of problems that the Soviet leadership has to deal with as a context within which to consider its behavior, the likely decisions it might make with regard to those problems that we care most about. There are occasional listings of some of these problems, the Soviet economy, the nationalities problem, China, etc. But it would be useful, if anyone could do it, to put together a much more comprehensive picture of what Brezhnev, or other top Soviet leaders' in-baskets really look like. Moreover, it would be useful to speculate about the kinds of problems Soviet forward-planning studies are turning up and how much attention they get. Here again, one of the reasons the nationalities problem may be very important is the very low birthrate of the ethnic Russians in comparison with the Soviet Asiatic peoples. In any case, I think a first-rate study or research effort directed toward the preparation of a catalogue of their problems, and an attempt to produce a picture for our top leadership of the kinds of problems, the top Soviet leadership must deal with would be useful.

Not only would this be useful at anytime, but we are in a position where some of our problems look insoluble unless we can make an assumption that our major competitor is also having difficulties, must conduct itself

SECRET

5

with constraints, etc. We need a much richer, concrete picture of the sorts of constraints that the Soviets are working under. Moreover, a general point I would raise is that in the past we have, as I mentioned elsewhere, been playing a "rich man" strategy against the "poor man." That focuses attention on designing the best insurance policies against the poorer adversaries' actions. Our whole analysis framework inherited from the 50's pushes us in this direction. We are now in a position where we have a more equal competitor and we need to be thinking more about how we can complicate his problems, what initiatives we can take, where are our areas of comparative advantage, how can we move the overall competition into areas where we have a comparative advantage. An assessment of his problems, his constraints, is an important input to this, and could form the basis for a basic shift in our overall analytic stance towards our policy problems.

#### 5. Economic Intelligence

Economic intelligence is obviously of increasing importance. We agree on the directions to go. However, let me mention the following.

There may be some organizational changes that are appropriate to make within the intelligence establishment. We may want to model ourselves after the British who have, in effect, two USIB type committees. One, much like our current USIB, focuses on military and political problems; a second USIB focuses on economics, trade and financial matters. A key problem is the effective tapping of massive amounts of information available outside the classical intelligence community. In particular, as we have talked in the past, we need to make much better use of the information available to international corporations, New York banking circles, etc.

SECRET

MEMORANDUM

NATIONAL SECURITY COUNCIL

January 31, 1973

Andy -

My only major comment deals with the low morale, 8-to-five leadership issue of paragraph 1. I don't think speeches or planning will help at all. Speeches are generally viewed as substitutes for action; in JRS' case they would be viewed as part of the "new man taking over." I think speeches should be given, but recognized as contributing very little toward attitudes. Planning is a questionable art in government -- more associated with intellectual problems (predicting the future and understanding what drives CIA) than with management direction of analysts. In fact, planning may have a reverse effect (if anyone takes it seriously) in that it may reinforce the need for planned production.

I don't think my objections are really critical in the context of this paper, with which I concur in almost everything said. If I were interested in changing the morale and 8-to-five attitude, I would consider (in addition to comments made in the paper):

- Analyst seminar with JRS to loosen up the organization by bringing out and acting on ideas.

- Break the manager's hold over the careers of analysts.

- Revamp personnel policies to differentiate between managers and analysts, to move people around, to release unqualified individuals, etc.

- A hard look at the "job enrichment" aspect of analyst jobs. My opinion is that analysts work with managers to establish their production "quota," but generally operate in a mental production line. They have no contact with counterparts in other agencies with consumers, or with the editor and others who control the final version of the product. In essence, the room for initiative, expression, control and feedback is extremely small (or nonexistent).

- Lower the level in the organization at which coordination and release of products can occur.

- (-- Bring pressure to bear on managers to manage people and tasks rather than maintaining production volume and agency uniformity. I am still working on this idea, but I sense that (the common denominator) rather than giving analysts a chance, providing general advice, insuring intellectual quality, and standing behind the analyst's



SECRET

ORGANIZATIONAL AND MANAGEMENT ISSUES

What follows are some very general organizational and management issues of CIA and the community. A number of them we have already talked about. A separate listing of specific initiatives with regard to substantive product will follow.

1. Some general points

The CIA is a low morale organization at the moment. There is a certain lack of energy and dedication as can be seen by the total hours worked and the absences on holidays, weekends, etc. They have become pretty much an 8 to 5 operation. On the other hand I think they would respond to improved leadership. A series of talks that point to an exciting future for U.S. intelligence, and that describes for the intelligence community what could be, can be, an effective way of energizing and leading them. This articulation of the future role of intelligence could go along with a much more systematic managerial effort to do long-term planning. There is really nothing much in the way of forward planning going on at the moment, except in those cases where the nature of the hardware acquisition process requires longer term planning.

But to return to this matter of the continuing importance of intelligence. There are a number of themes that occur to me such as the following:

-- The Nixon doctrine and multipolarity suggest a shift of focus away from the Soviet Union and China, even though they will still be major areas of interest, toward an increased importance for political and economic intelligence. The nature of the foreign policy game and the strategy of the U.S. will be much more complex. Situations in which there are three, four, five players will be typical, and U.S. strategy and tactics will need to be much more subtle and complex. Management of the triangular U.S., S.U., Chinese relationship will be a key problem. Intelligence, and above all intelligence analysis, will have to be much more sophisticated than now. A focus of analysis that supports U.S. negotiation efforts will be important. This view is now a cliché of sorts, but if developed in more detail can be effective. In any case, even if a cliché, it has had no impact upon the intelligence community!

SECRET

SECRET

2

Another aspect of the future which upgrades the importance of intelligence is that the Soviets are more nearly equal competitors than earlier. In the past, particularly in the fifties, we were able to play a strategy of the rich man against the poor man. Not only are the Soviets coming even with us, but we are faced with stringent U.S. military budgets. We have to play a much more subtle and sophisticated game. Here again playing well demands improved intelligence. So all in all I think the picture that can be painted is one that suggests that intelligence will be much more important.

A second major point I would make is the need to open up the Agency to the outside world. It has become very cloistered. Not only are the interfaces with the outside world not very effective, but its career system in which people come in at the bottom and work their way up has led to progressive isolation of this organization. John Bross told me of his concern about the likelihood of an increasing isolation of the Agency as the people who originally formed the organization retired. They spent part of their professional lives in the outside world, had a variety of contacts.

I would suggest things such as the following:

-- Increased use of consultants and visiting boards. I have a feeling that the consultant lists have been pretty stagnate for a long time and in any case there is very little use of consultants. Helms has been concerned about the security problem, I gather, and this limited the use of consultants.

-- More contracting is a useful way not only of getting some higher quality people to focus on certain problems, they are also removed from the day to day production requirements and can innovate in analysis and thereby provide a stimulus within the organization as their reports come in. Long-term, selective contracting that builds centers of expertise and talent is required. Those people in contact with the contractors gain some valuable stimulation.

-- A demand for higher quality in the product would be beneficial, if resources can be freed up so that people can in fact devote appropriate amounts of time. (The real problem may be managerial: -lots of attention to day to day hot jobs, too little to work on the key problems.) At least on a sampling basis there should be a quality control review by people responsible to you, or to the Agency administrator. You need people with a career incentive to do first rate critical appraisals of the products.

SECRET

SECRET

3

-- R&D on analysis. There should be a program devoted to improving analysis. Moreover, I think it would be intellectually stimulating and enhance the pride of the organization if it were in the forefront in some key areas related to intelligence analysis rather than ten to twenty years behind the time. An example of a candidate is decisionmaking in governmental organizations. It has been a shame for the Agency to simply sit and wait for the universities to produce the appropriate techniques and methods of analysis. There undoubtedly are other areas where it would be rewarding for the Agency to develop the capability for being in the forefront. This can only happen, I think, in some section of the Agency devoted to R&D on analysis, not on a production line.

-- Change the personnel system; provide for more lateral entry, of which there is almost none. Again, it would be stimulating to the organization to have at least a few really excellent people coming in somewhere than at the bottom. You also need to have a situation where someone can leave the Agency, go someplace else for awhile and come back in at a significantly higher level.

-- Training. You are going to have most of your people coming in at the bottom and working their way up. Much more attention needs to be paid to the training they get, especially in the analysis area. You will also remember that I feel that the training area may be one solution to the lack of perception of the analysts (also managers) to the top level problems, what the perspective of the President on an issue is really like? What is top level decisionmaking in the U.S. government really like? My proposal would be some first rate courses, using the case study method. The cases don't have to be recent ones and hence can avoid some of the difficulties of wide-spread distribution of information on current WSAG and other top level decisionmaking.

## 2. The Office of National Estimates and the National Intelligence Process.

I know you want to make significant changes here. My suggestion is that in addition to the quick reaction, relevant estimates you are suggesting there may be a couple of other sorts of products that ought to be produced by the National Intelligence process. Let me say right away that one of the things that DIA and the services are going to be concerned about is their participation in a National Intelligence Estimate. They think of it as their chance to get their oar in at top levels.

SECRET

SECRET

4

In any case, with regard to the quick reaction, relevant estimate, the coordination process has to be changed so that where there are difference of opinion, they are clearly surfaced and not submerged and muffled as they are now. A second class of products are basic estimates such as 11-8 and others on the Soviet military posture. There probably is a role for a National Estimate in this area. They are used as a basic input to planning guidance down in the bureaucracy. The relationship of the NIEs of this sort to the DIPP produced by DIA is a hot issue. You will need to talk to people in DIA and Defense about this. There is a certain controversy at the moment about whether there should be five to ten year projections in the NIEs.

25X1 A third sort of National Estimate would be some of the studies I have suggested on key issues. The key issues for the year are formulated by a group of people such as you, [ ] myself, someone from State, or perhaps by the NSCIC Working Group. The important point is that a group of consumers should formulate the issues, and elaborate the specific questions that they would like to see addressed. This might result in a four, five, ten page paper describing what the issue is, why it is important, etc. Addressed as a National Estimate might be the best way of doing them.

### 3. The Overload Problem.

The overload problem is partly real, and partly the result as far as the CIA is concerned, of the low morale mentioned above. But it is true that intelligence is a free good, there is no effective rationing system. Something needs to be done in order to free up enough resources so that some interesting new products can be produced. I would suggest a survey of all the products to give a basis for cutting. Moreover, you want to intervene and remove any silly production requirements such as those that operate in part of Duckett's shop (people are tasked to produce so many papers a year). Also, at the interface between the consumers and the producers there should be committees that discuss and decide priority problems. Now the allocation of resources is decided in some mysterious way by Proctor and his people. I don't think they really have the information on which to make good decisions. They don't really talk to consumers very much. If you order something, even for a high level consumer, you are likely to simply get a repackaged version of something they have already produced for some other purpose.

SECRET

SECRET

5

4. Improved Sensitivity to Consumer Needs.

I could document it in more detail, but it is pretty clear to me that the perceptions within the community of what consumers really need is poor. There are a number of possible things that we might do about that:

-- At the higher levels there is the notion of an informal group that meets with you, or someone you designate, to talk periodically about key substantive issues, key resource and management issues, etc.

-- The NSCIC Working Group could be given as one of its tasks the development of guidance as to specific consumer needs, as discussed above.

-- Within the various intelligence agencies there should be consumer research offices. The community has shown no initiative or ingenuity in trying to find out what consumers want. There is expertise about how you do interviewing, how to conduct surveys, that could be brought to bear here. Institutional changes on the boundaries between the producers and the consumers are possible, as suggested above. But above all I think that some people in the community should be given the specific job to find out about the customer, who he is, specify the structure of the different markets, perfect techniques for finding out what consumers want, etc.

-- I have already mentioned the development of first rate courses on governmental decisionmaking at the top levels. They should sensitize analysts to the problems of their customers.

-- Complete overhaul of the requirements process is in order. Much of it appears to generate no real guidance. It takes up a lot of time and has very little impact on the real decisionmaking processes within the community that allocate resources either at the collection or analysis level. The basic problem in some sense is that the top managers do not clearly perceive the actual decision processes that determine allocation of resources. The design of an appropriate requirement process would be focused on making those processes work better. As it is now, the elaborate requirements committees process, and the documents they produce, just go in the managers desk drawers and never really influence what they do. This is entirely appropriate, I believe, after reading some

SECRET

SECRET

6

of these documents. They simply ask for everything, give no sense of priorities and in general are useless encyclopedias of what it is people would like to know.

-- Consideration should be given to a program of experimental products designed to test markets.

#### 5. Area/Product Managers.

A very useful thing for management strategy would be the establishment of area or product group managers up at the DCI level. There are some precedent for this, but they have never had any clout. For example, there used to be a China coordinator, who was supposed to look at the overall community effort (collection analysis, etc.) to see that there was an appropriate balance and that there was a general strategy being followed to improve performance. However, he had no real clout; all he could do was encourage better work, more cooperation, etc. However, if you created a number of area/product group managers, task them to develop a community wide program and strategy for their area, give them some clout to get some progress toward carrying these out, it would be a different ball game. You need people who are primarily management oriented, that is, they are not analysts, but people who will look at all of the activities going on below them, report to you as to the problems they see, try to formulate overall community strategy for improving the attack on specific problems, etc. Through the DCI staff they could have some clout with regard to programs, the allocation of resources in the out-years, etc. They could also provide a lot of information useful in the overall planning of the future of the community. You may need to create small offices of two or three people rather than simply appointing an area/product group manager. You need a manager type at the head of it, but he may need some people working with him who are strong on the substantive issues involved.

#### 6. Security

Security is an important area for you. For one thing, the DCI is tasked with protecting intelligence sources, etc. Moreover, trends in U.S. society, some unhappy recent precedents, make it clear that the security problem can be serious with people like Marketti and Ellsberg around. Moreover, some of the kinds of things you may want to do with the organization that open it up, increase its number of interfaces with the outside world, may increase risks on the security side. The Agency might be more easily

SECRET

SECRET

7

penetrated if there are more consultants, more people with lateral entry, etc. A hard and sophisticated look at the security is needed. You should have one started.

A few ideas as to partial solution include establishment of a security indoctrination committee under the DCI's statutory responsibilities to protect sources and methods. Most security systems now lack any attempt to explain the rationale of security or to indoctrinate the people in the organization. In addition, [ ] tells me that he believes there are some very interesting research that can be done on who are the leakers, what kinds of personalities are the source of security problems. Especially of interest may be behavioral and objective indicators of risk.

25X1

In general a serious research effort devoted to the selection of people and to the detection of potential leakers may be rewarding.

7. Implications of the Expanding U. S. /Soviet Interactions.

If things develop as expected, there will be much more interaction between U.S. and Soviet officials, and private citizens. This will lead to expanding possibilities of understanding the Soviet Union and above all to get a picture of how its government functions. There soon will be in the U.S. numbers of people who have spent many hours negotiating with Soviet counterparts. At the moment there is no systematic effort to bring together their insights. There has been no systematic effort to debrief these people. It may be a bit sticky for this to be done directly by the intelligence community, but on the whole I think we as a government are much too sensitive about this matter. In any case, I think these relationships offer opportunities for gradually increasing our understanding about the Soviets, how the government functions, what they worry about, etc.

The other important development is that there are going to be many more Soviet officials running around the U.S. We have no way of really pulling together a picture of what it is they are doing, how they are trying to influence opinion forming elites, what their line is this month as compared with last month, etc. As of now, we don't have any systematic way of knowing what their strategy is, what line they are pushing. This may be an area where we need a joint CIA-FBI effort. I urged this on Henry some time ago. He seemed interested in the problem of monitoring Soviet efforts in this country. But, he did not want to put it in writing in a memorandum

SECRET

SECRET

8

to the DCI or to the Director of the FBI. It was left that he probably was going to try to talk to those individuals informally. On the other hand, he seemed skittish about attempts to pull together U.S. insights about the Soviets. Perhaps it could only be done by a sophisticated interviewing process. Let's talk more about this.

SECRET -